



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Universal Bancorp/Bloomfield State Bank

Person to be contacted regarding this report:	William B McNeely
CPP Funds Received:	\$9,900,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	5/22/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1097511
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	15714
City:	Bloomfield
State:	Indiana

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	We have increased lending in Residential Mortgage Loans, Commercial and Industrial and Commercial Real Estate by \$11MM. We also moved \$9MM in problem commercial real estate loans to our holding company pending sale of the real estate.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Residential Real Estate, Commercial and Industrial, and Commercial Real Estate. In addition, we were able to increase the residential loans sold to FHLMC and FNMA by \$14.5MM.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	We increased our mortgage backed securities by \$6MM, between the bank and our investment subsidiary.
<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	As part of our balance sheet restructuring we reserved \$5.9MM over our 09 budgeted amount.

<input type="checkbox"/>	Reduce borrowings	
<input checked="" type="checkbox"/>	Increase charge-offs	We wrote down various commercial real estate loans by \$3MM over our budgeted amount.
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

Our balance sheet restructuring allowed us to continue to make and sell residential mortgage loans and to increase our commercial and residential real estate loans we hold on our books. Had we not received the CPP funds, we would have had to severely restrict lending.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

By moving some troubled commercial real estate loans to the holding company, we were able to and we are continuing to work to sell the properties at fair market value as opposed to having to take discounts to move them quickly.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

We are still experiencing issues with commercial real estate and the CPP funds have allowed to work with the borrowers to maximize the return to them and to us on the real estate